

**INITIAL STATEMENT OF REASONS FOR  
PROPOSING THE MODIFICATION OF REGULATION 1395 OF THE  
PROCEDURES FOR PUBLIC WORKS CONTRACT ARBITRATIONS IN  
CHAPTER 4 (SECTIONS 1300 TO 1398) OF DIVISION 2 OF  
TITLE 1 OF THE CALIFORNIA CODE OF REGULATIONS**

- ◆ *OVERVIEW:* Arbitration is the statutory remedy provided for the resolution of contract claims primarily involving the Departments of General Services, Transportation, and Water Resources under the State Contract Act set forth in Sections 10240 through 10245.5 of the Public Contract Code. Pursuant to section 10240.5 (a) of the Public Contract Code, the method of initiating arbitration and the arbitration process are subject to regulations adopted by these departments. In addition section 10245.3 of the Public Contract Code permits the Public Works Arbitration Committee to establish standards and qualifications for the certification of arbitrators.
- ◆ *DESCRIPTION OF STATUTORY REQUIREMENT THAT THE PROPOSED REGULATIONS ARE INTENDED TO ADDRESS:* The Office of Administrative Hearings (OAH), a division of the Department of General Services, may, jointly with the Departments of Transportation and Water Resources (hereafter, the Regulating Authority), modify, revise, or repeal uniform regulations to implement the provisions of Articles 7.1 (commencing with Section 10240) and 7.2 (commencing with Section 10245) of Chapter 1 of Division 2 of the Public Contract Code. These regulations may include but need not be limited to:
  - (a) The method of initiating arbitration.
  - (b) The place of hearing based upon the convenience of the parties.
  - (c) Procedures for the selection of a neutral arbitrator.
  - (d) The form and content of any pleading.
  - (e) Procedure for conducting hearings.
  - (f) The providing of experts to assist the arbitrator in the event the assistance is needed.
  - (g) The content of the award.
  - (h) Simplified procedures for claims of \$50,000 or less.
- ◆ *SPECIFIC PURPOSE OF EACH PROPOSED REGULATION:* In accordance with Government Code section 11346.2, the reasons for action concerning sections 1395 of Article 11 of Title 1, Division 2, Chapter 4 of the California Code of Regulations are as follows:
  - ◆ **§ 1395 Standards and Qualifications:** This regulation was added in 2004 to specify the qualifications used by the Public Works Contract Arbitration Committee in placement of arbitrators on the arbitrator panel. These amendments will further clarify it, for instance by removing use of “extensive” and “desirable” and instead specifying experience as an arbitrator or adjudicator and making knowledge of construction law necessary.